

Message Text

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ACTION EB-08

INFO OCT-01 EA-07 ISO-00 TRSE-00 IO-13 L-03 SP-02
USIA-06 AID-05 NSC-05 SS-15 STR-04 OMB-01 CEA-01
CIAE-00 INR-07 NSAE-00 COME-00 DODE-00 PA-01
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TO SECSTATE WASHDC 2951

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E.O. 11652: N/A
TAGS: AORG, EFIN, UN
SUBJECT: WORLD BANK/IMF PROPOSALS TO INCREASE EXECUTIVE
DIRECTORS AND ALTERNATES SALARIES

REF: STATE 159020

1. SUMMARY. ALTHOUGH EMBASSY HAS NOT RECEIVED DEFINITIVE
DECISION FROM GOP GOVERNORS, WE ARE NOT REPEAT NOT OPTIMISTIC
THAT THEY WILL OPPOSE SALARY INCREASES. END SUMMARY.

2. ON DAY REFTEL RECEIVED, CHARGE' RAISED ISSUE OF SALARIES
FOR IMF/WORLD BANK EXECUTIVE DIRECTORS AND ALTERNATES AT
SOCIAL OCCASION WITH CESAR VIRATA, SECRETARY OF FINANCE
AND PHILIPPINE GOVERNOR TO THE WORLD BANK. VIRATA WAS
FAMILIAR WITH PAST USG STANCE ON SALARY INCREASES. HE
NOTED THAT AS AN LDC, THE PHILIPPINES WAS IN A DIFFERENT
POSITION FROM THE US, AND HE WAS NOT INCLINED TO
OPPOSE THIS INCREASE. HE AGREED, HOWEVER, TO DISCUSS IT
IN SOMEWHAT GREATER DETAIL WITH ECONOMIC/COMMERCIAL
COUNSELOR.

3. SECRETARY BLUMENTHAL'S LETTER WAS SENT TO VIRATA, AND
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ECON/COMMERCIAL COUNSELOR DISCUSSED WITH HIM. VIRATA STILL
DID NOT SEEM FAMILIAR WITH ISSUES, AND WAS CLEARLY UN-
ENTHUSIASTIC ABOUT OPPOSING RECOMMENDATION OF JOINT COMMITTEE.
HE DID INDICATE THAT HE WOULD GIVE IT FURTHER THOUGHT,
HOWEVER.

4. EMBASSY OFFICER HAD LENGTHY DISCUSSION ON SUBJECT WITH

CENTRAL BANK DEPUTY GOVERNOR LEGARDA, WHO WAS CHARGED BY CB GOVERNOR (AND PHILIPPINE IMF GOVERNOR) GREGORIO LICAROS WITH RESEARCHING THE MATTER. LEGARDA HAD IN HAND JOINT REMUNERATION COMMITTEE REPORT AS WELL AS BACK-UP STUDY BY PRIVATE CONSULTANT, AND AFTER COVERING ALL OF POINTS RAISED REFTEL, LEGARDA WAS NOT PERSUADED THAT WE HAD BETTER ARGUMENTS. HE AGREED THAT JOINT COMMITTEE REPORT RELIED HEAVILY ON REMUNERATION OF FIVE ECONOMIC MINISTERS IN WASHINGTON, BUT IN THE ABSENCE OF SPECIFIC DATA, DID NOT FIND OUR CHALLENGE OF THIS PARTICULAR CALCULATION CONVINCING. LEGARDA FINALLY AGREED THAT THE POINTS ARE AT LEAST DEBATABLE, BUT THAT DISCUSSION OF THESE ISSUES "UNTIL WE ARE BLUE IN THE FACE" CANNOT CHANGE ESSENTIAL FACT THAT THE PHILIPPINES IS A BORROWER, WHILE THE U.S. IS AN IMPORTANT LEADER. (COMMENT. THE PHILIPPINES IS INDEED A HIGHLY SUCCESSFUL BORROWER IN BOTH INSTITUTIONS.) HE THOUGHT THAT LDCS ARE NOT GOING TO RISK OFFENDING INSTITUTIONS ON WHICH THEY DEPEND, AND THAT THE SUCCESS OF THE US POSITION WOULD HINGE ON THE SUPPORT OF A FEW LARGE DONORS RATHER THAN ON THE LDCS. HAVING SAID ALL THIS, LEGARDA NEVERTHELESS CLAIMED THAT HE FULLY APPRECIATED OUR CONCERN OVER THE POSITION EXPRESSED BY CONGRESS ON THIS MATTER, AND HE SAID HE WOULD DISCUSS IT WITH LICAROS, AFTER LICAROS HAD HAD TIME TO READ SECRETARY BLUMENTHAL'S LETTER.

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5. LICAROS HAS SINCE BECOME SERIOUSLY ILL (REPORTED SEPTTEL) AND THIS HAS APPARENTLY THROWN CB DECISION-MAKING PROCESS INTO SOME TURMOIL. WHEN EMBASSY OFFICER LAST TALKED WITH LEGARDA, HE SAID HE HAD BEEN UNABLE TO WRING A DECISION OUT OF THE FRONT OFFICE. SIMILARLY, ATTEMPTS TO GET A FINAL READING OUT OF VIRATA'S OFFICE HAVE BEEN UNSUCCESSFUL, IN PART BECAUSE ECONOMIC AND FINANCIAL AGENCIES ARE ABSORBED IN PREPARATIONS FOR THE ASEAN SUMMIT.

6. COMMENT. WE HAVE BEEN GIVEN NO REASON TO BELIEVE THAT THE VOTES OF THE PHILIPPINE GOVERNORS WILL SUPPORT OUR CASE, IF IN FACT THEY ARE REGISTERED. ALTHOUGH WE WERE ABLE TO FOCUS ATTENTION FOR A BRIEF TIME, THE ISSUE DOES NOT CURRENTLY COME HIGH IN GOP PRIORITIES. MORE IMPORTANTLY, NARROW SELF-INTEREST, AS SEEN BY THIS LDC, SEEMS TO DICTATE THAT THE PHILIPPINE GOVERNORS LEAVE IT TO THE DONORS TO PROMOTE WITHIN THEIR OWN RANKS ANY UNPOPULAR DECISIONS WHICH ARE LIKELY TO IRRITATE THE LEADERSHIP OF THE IMF AND WORLD BANK.
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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONNEL, BANKS, WAGE RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Handling Restrictions: n/a
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Type: TE
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